

Article - Education

[\[Previous\]](#)[\[Next\]](#)

§16–302.1.

(a) (1) In this section the following words have the meanings indicated.

(2) “Authority” means the Maryland Health and Higher Educational Facilities Authority established under Title 10, Subtitle 3 of the Economic Development Article.

(3) “Board” means:

(i) A board of community college trustees established under § 16–101 of this title;

(ii) A board of regional community college trustees established under § 16–202 of this title;

(iii) The Board of Trustees of the Baltimore City Community College established under § 16–504 of this title; and

(iv) The Board of Trustees of the College of Southern Maryland established under § 16–604 of this title.

(4) “Cost” means the cost of:

(i) Acquisition of a project or any interest in a project;

(ii) Installation of a project, including any demolition, construction, reconstruction, or renovation directly related to a project;

(iii) Financing charges associated with a project;

(iv) Interest before and during acquisition of a project and, if deemed advisable by the board, for a period of up to 1 year after completion of acquisition of a project;

(v) Interest and reserves for principal and interest and for maintenance and repair of a project;

(vi) Architectural, engineering, financial, and legal services associated with a project;

(vii) Plans, specifications, studies, surveys, and estimates of costs and revenues for a project;

(viii) Administrative expenses necessary or incident to determining the feasibility or practicability of a project; and

(ix) Other expenses that are necessary or incident to the acquisition of a project, the financing or refinancing of the acquisition of a project, and the placing of a project in operation.

(5) “Governing body” means:

(i) The county council of a county with a charter form of government established under Article XI–A of the Maryland Constitution; or

(ii) The board of county commissioners of any other county.

(6) “Note” means a note, bond, lease, purchase agreement, or other evidence of obligation.

(7) (i) “Project” means equipment, machinery, and other personal property, whether or not in the nature of fixtures, essential or convenient for the operation of a community college.

(ii) “Project” includes licenses and other rights acquired by a board for the use of equipment, machinery, and other personal property described in subparagraph (i) of this paragraph.

(b) A board may finance or refinance the costs of a project by entering into an agreement with the Authority that is evidenced by a note or notes issued by the board if, prior to the issuance of any note, the board and the governing body of each county that supports a community college governed by the board adopts a resolution that meets the requirements of subsection (c) of this section.

(c) (1) Prior to the issuance of any note under this section, a board and the governing body of each county that supports a community college governed by the board shall each adopt a resolution that authorizes the board to finance or refinance the costs of a project by entering into an agreement with the Authority.

(2) The resolution shall:

(i) Generally describe the project to be financed or refinanced;

(ii) Specify the maximum aggregate principal amount of any note issued pursuant to the agreement; and

(iii) Impose any terms or conditions on the issuance of a note that the board or governing body deems appropriate.

(3) A resolution adopted under this subsection is administrative in nature and not subject to:

(i) Procedures required for legislative acts; or

(ii) Referendum.

(d) (1) A board may enter into any agreement necessary or appropriate in connection with the issuance of any note, including an agreement to provide:

(i) Additional credit or liquidity support for a note or a bond issued by the Authority on its behalf; and

(ii) A fixed interest rate or maximum interest rate for a variable rate note or a bond issued by the Authority on its behalf.

(2) If the board enters into an agreement authorized under paragraph (1) of this subsection, the agreement may include provisions that:

(i) Grant a security interest in a project for which a note is issued or pledge all or part of the fees, charges, and other revenues received from or in connection with a project to the payment of a note;

(ii) Allow for the investment and reinvestment of the proceeds of a note until the proceeds are used for the purposes for which the note was issued;

(iii) Govern the disposition of any excess proceeds and the investment earnings on any excess proceeds; and

(iv) Require that the board operate and maintain all or a portion of the project regardless of whether the fees, charges, and other revenues received from or in connection with the project are sufficient to cover the cost of operating or maintaining all or a portion of the project.

(e) (1) The board shall specify or authorize the chair or other member of the board to specify:

(i) The principal amount of a note;

(ii) The rate or rates of interest payable on a note or the method of determining the rate or rates of interest payable on a note;

(iii) Subject to paragraph (2) of this subsection, the date of maturity of a note, the payment provisions of a note, and the optional and mandatory prepayment provisions of a note, including any mandatory sinking fund installments for the note; and

(iv) Other matters, details, forms, documents, and procedures relating to the authorization, issuance, execution, sale, delivery, and payment of a note and the security for a note.

(2) The date of maturity for a note may not exceed the useful life of the project for which the note is issued.

(f) (1) A note shall be executed on behalf of the board by the manual or facsimile signature of the chair of the board or other member of the board authorized by resolution of the board.

(2) If the individual whose signature or countersignature appears on a note ceases to be a member of the board before delivery of the note, the individual's signature or countersignature shall be valid and sufficient for all purposes the same as if the individual had remained a member of the board until delivery.

(g) The principal amount of a note, the interest payable on a note, the transfer of a note, and any income derived from the transfer of a note, including any profit made on the sale or transfer of a note, shall be exempt from taxation by the State and any county or municipality in the State.

(h) A note issued under this section does not create or constitute a debt or obligation of the State or any county or municipality in the State and does not constitute a debt or obligation of the General Assembly or pledge the faith and credit of the State within the meaning of Article III, § 34 of the Maryland Constitution.

(i) If requested by the Authority, the State Comptroller shall withhold from any installment due the board from the State's General Fund appropriation money for deposit to the credit of a sinking fund maintained to pay a note in an amount up to the total amount payable on the note and any agreements entered into in accordance with this section in the current fiscal year and the next succeeding fiscal year.

(j) This section provides additional, alternative, and supplemental authority in relation to powers conferred upon a board under any other existing law

and may not be regarded as in derogation of or as a limitation to any existing power of a board.

[\[Previous\]](#)[\[Next\]](#)